

Ex A

(4 OF 14)

JP4011070424

Mr. Vincent J. Donnelly
Vice-President
Personal Insurance Quality & Planning

Dear Vince

I considered trying to call you but I'm sure that you are probably overwhelmed at the moment. At your convenience, however, I would really appreciate it if you could give me a few moments to share your perspective on the significance of the recent changes.

Dave has announced to us that he will be going to the Home Office and that you and your Quality responsibilities will be reporting to him. He also indicated that he would have some role and involvement in advancing Teleservices. I specifically asked if you would continue to have responsibility for Teleservices and he indicated you would. However, he did not elaborate as to just exactly what this meant.

I recognize that this may still be unclear, but it would be helpful to me to know just how you see all this. You know the history, and I am concerned that I could make myself very vulnerable by continuing to take such strong positions on some of these issues. In the past, I always felt relatively secure.

With all the changes, I suspect Bob will be even further removed from some of what's going on. I also sense that the "sale has been made" with respect to Teleservices and it will now be left in someone else's hands. If it's in yours, I have absolutely no concerns. If it's in Dave's, I could be in for more difficult times.

At any rate, Vince, any additional insight you can give me would be most appreciated.

J. L. Rayl
Manager
Teleservices - Cash/Loan/Dividend

November 10, 1989

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Personal And Confidential

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Robert J. Crimmins
Executive Vice-President

MP4011070425

Re Teleservices

Bob, I hope you will forgive me, but my frustration level has once again reached a point where I must sound off. It was 13 months ago that we met in the conference room in New York and you made it very clear that there was going to be expansion of Teleservices and that it would be from two sites. While things occurred that altered the pace at which expansion might have taken place, you nonetheless made the goal and direction very clear.

I cannot help but believe that the way this entire project has been handled is not the way you expected or intended. At the same time, I recognize that it is not a project you have time to personally direct - nor should you have to.

From my perspective, there is no leadership on this project. Len Miller continues to want to have tremendous energies devoted to areas other than the basic objectives associated with expansion. There is no direct focus on the service we can offer to our policyholders (unless there's an opportunity to play with new technology) nor is there focus on the support we can provide to our sales force. I am unable to see where he has done anything to advance the true cause and purpose of Teleservices within Metropolitan in the three and a half years I have again been associated with it.

There was an Operations Officers' meeting a few weeks back at which time he was to outline expansion plans. However, because of all the delays in expansion, the continued lack of leadership, and the apparent belief on the part of some Operations Officers that it was NOT really going to happen, there was major resistance from Jack Smith and Don Stadler to our expansion into their territories. Rather than confront this issue, Len stepped aside and told Barbara Gardner and John Abela to "work it out with the other offices."

I understand the resistance from Jack and Don as I would feel the same way unless I was convinced that it was a "done deal." If this were the case, I would know that I should just accept it and move on to other things. However, if I thought there was a chance I could have my own operation, the Operations Officer from the Teleservicing site would not be able to convince me that I should permit expansion into my territory.

John Abela apparently encountered little resistance from Harry Coster with respect to advancing into Eastern Territory. As I understand it, Harry did perceive it as a "done deal" with respect to the direction and number of sites. Barbara did have some success with John Reynolds and he and his PHS manager are coming to discuss possible expansion into the Denver Region. However, expansion into Western poses some big initial problems for us with respect to the time difference, availability of electronic systems and availability of staff to cover the time zone difference.

Bob, I don't think we should have been forced to change our entire expansion plans because Don and Jack won't let us into their territories and John Reynolds will. I think it's more important that the message gets to all territories that expansion is going to proceed. At the same time, they should be able to understand that any expansion does not preclude the possibility that one or more additional sites could be established in the future, - if that was deemed to be the most appropriate action. However, if we don't expand into these territories, we are sending those Operations Officers the message that this is an issue they can fight. We have again been sidetracked because "politics" is taking precedence over any real conviction as to what might be best for the Company.

Bob, at this point my primary concern is not whether we, Central, expand or not. While I certainly would like to see that, I would just like to see the whole thing resolved one way or another from a Company standpoint. I have grown very weary of the energy we have to expend every time we are forced to "chase our tails" on issues that are not critical to the main tasks at hand. Even if the decision were to put one in every office, then at least we would be able to focus our attention and energies on making this the "best" one.

As a point of interest, a couple of weeks ago we had IBM/ROLM personnel from all over the country visit our office. Nine people sat with different individuals and listened to calls for about 45 minutes. Their reaction was unanimous. Several stated that they had visited a lot of centers as a result of their responsibilities and stated this was "the best one they had ever seen. The CSR's are real professionals." Bob, we know where we're trying to go. The leadership we've had has only impeded our progress.

We in Tulsa still have the "vision." We know we still have a long way to go. However, at the rate we are going, we will never get there because the leadership does not have the vision and we are mired in politics and "pet projects" rather than focusing on becoming the tremendous force we can be in delivering present and future service and sales.

Bob, I have tried hard to avoid writing this type of negative letter. However, at this point, there's not much left to lose. The dream is fading and Teleservices seems to be on its way to becoming "typical Metropolitan." Because of the lack of farsighted leadership, we will be left with the memory of "what it could have been" rather than making it "what it can be." Bob, I hope you can believe that my real concern is Metropolitan and not Jim Rayl or the Central Head Office. If things have changed and we want to handle Teleservices differently, - so be it. But, it's going to need better leadership to get there. As it is, I don't think we will ever be permitted to make it what you and I used to "see" and talk about.

J. L. Rayl
Manager
Teleservices - Cash/Loan/Dividend
Central Head Office

July 31, 1989

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Vince Donnelly
Vice-President
Personal Insurance

MP4011070427

Re Teleservices

Vince, during Bob's visit here this week he told us about your new responsibilities. As I understand it, you are Secretary of his MESS group and, as Bob defined it, have the job of trying to "move issues" for him. That sounds like a tremendous challenge but one that could be a lot of fun.

I don't know exactly where you will fit in with respect to Teleservices and the information that Bob needs to know. At the present time I think the information he gets is very limited, but as busy as he is, I know it is impossible for him to keep up with everything that's going on.

As I'm sure you know, I have some rather deep philosophical differences with the way the project is progressing in some areas. I have invested my heart, soul and good portion of my life to this project. As a result, I have chosen to stand firm on some of these issues. Although I have hated to go to Bob for fear of wearing out my welcome, there were times when I felt I just had no choice. Because of his personal interest in Teleservices, I felt he needed to know where things stood.

If Bob had ever discouraged me, I would have given up and just let it go. It would be far easier to do that than to "keep up the fight" as I have been doing. However, he never discouraged me and tended to "come through" at the critical moment. Nonetheless, I don't want to be bothering him if I don't have to. In the present environment though, I will not be heard through the normal communication channels.

I really feel that Bob just needs to have someone close to him that "knows what's going on." I'm not sure how this relates to your new role, but it would seem that you would be an excellent person to provide this kind of support. Someone also needs to see that Bob gets the proper information or perspective when he is confronted with a decision on the subject. I know that I'm not always right, but most of the time I feel that I at least have something worthwhile to contribute.

Consequently, I feel that if you were well informed, it might help Bob get some "balance" in what he hears. Vince, is this the way you see your role or is this even something you would want to do with respect to Teleservices? If I'm barking up the wrong tree, please let me know.

On the assumption that you do want to be informed, I would like to bring you up to date on a couple of issues. These are as follows:

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Head/Administrative Office Chargebacks for Teleservices

As I mentioned to you on the phone, Len seems to think that the solution to the expense problem is to chargeback Teleservices expenses to the other offices. It is my contention that this would only antagonize the offices towards Teleservices and create a very poor receptivity to the entire Teleservicing concept. There is no doubt that some of the Teleservicing costs must be offset by savings in the other offices. However, a direct chargeback is not the answer. There should be other ways to get at these savings to make sure they're achieved such as monitoring transaction volumes and their impact on staffing. I briefly mentioned this issue to Bob but I really didn't have an opportunity to discuss it with him at any length.

For your information, the Teleservices Natural Work Team recently met in Wichita. At that time I voiced my strong opposition to the chargeback approach. I also tried to explain to Vic and Deborah that they really don't understand the budgeting system for the Head Offices. However, my take is that Len is determined to proceed with this concept. For your information, attached is a copy of the latest correspondence from his staff on the subject.

Expansion Plans

At a meeting we had in Providence some months back, Len asked us and Northeastern to develop revised expansion plans. The ones we had completed based on the initial guidelines from his staff turned out to be too expensive for the current budget situation. Consequently, we prepared a new plan which was discussed in Wichita. We went "round and round" with our plan versus Northeastern's. The organizations are not the same and the plans were not prepared on the same basis (nor with the same level of experience).

The bottom line is that I was asked to go back and redo my plan to make it more in line with Northeastern's. It is my feeling that Northeastern is making some invalid assumptions in their plan but they are not critical to the expansion. They only make it quite different from ours. In view of this, I feel that they should be permitted to put forth their plan and we should have ours. The objective is to try and get to the same place, not have the same plan. This way, we should both be able to work things out for ourselves.

At any rate, I didn't feel that we should waste our energy doing another plan. Before we do that, we need firmer direction as to what kind of money is going to be available and what kind of objectives (if any) are going to be established for the level of expansion in 1989.

When we returned from Wichita, we formalized our plan which is being submitted as our 1989 Business Plan and 1988 Status Report. A copy is enclosed. This plan is based on the assumption that the budget money needed will be available. If that amount of money is not available, we can modify the plan accordingly. Based on Bob's comments, I don't think we're going to know what is available for awhile. However, I don't see any point in trying to revise this plan until we know what we have for a budget.

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At any rate Vince, if you care to stay informed, I would welcome the opportunity to communicate with you. If not, or if I am misreading your responsibilities, just let me know and I won't attempt to drag you into all this. Regardless, I wish you well in your new responsibilities. I'm sure it can develop into a great opportunity and, as I told you before, Bob needs someone like you.

If I can ever do anything for you, just call.

J. L. Rayl
Manager
Teleservices
Central Head Office

October 5, 1988

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Mr. Vincent J. Donnelly
Vice-President
Metlife General Insurance Agency, INC.

MP4011070430

Re Teleservices Expansion Memo

Vince, I would just to give you a little more background on the expansion memo. In the June 20 meeting in which Bob announced that Teleservices would expand nationwide, he turned to Bruce Goodman and asked that he prepare an announcement letter.

We have been working very diligently for the past three years trying to get to this decision. During the interim, there were many struggles and political obstacles to overcome, not the least of which was how many Teleservicing sites there should be. For a lot of reasons which I previously covered with Bob, we didn't feel it should be more than two.

At any rate, we (Central) viewed this announcement as both our salvation and our future. Accordingly, we anxiously awaited the "announcement" letter to confirm this. Week after week went by while the memo apparently bounced around between Goodman, Miller and his staff. At a meeting that was held in Providence a couple weeks back, John Abela, Barbara Gardner and I got to review the draft. We were unanimous in our opinion that the tone was wrong with regard to the expense issue.

Consequently, when we returned from that meeting we received yet another draft to review. It was not much of an improvement but we did submit suggested revisions. Barbara Gardner asked me to draft a letter which I did.

I don't know that I have seen the latest version you have but it doesn't make any difference. I doubt that the expense issue is expressed much differently and I just felt it would turn Teleservices into a big negative for all the other offices. Enclosed is a copy of the draft I prepared. Perhaps the best memo is somewhere in between.

Please give me a call (tie line 149-427) if you have any questions or there is any aspect of Teleservices you would like to discuss. In the meantime, take care. It was great to hear from you and know that Bob has a few people like yourself where he can go to get a straight answer or opinion.

J. L. Rayl
Manager
Teleservices
Central Head Office

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August 18, 1988

MP4011070431

Mr. Robert J. Crimmins
Executive Vice-President

Re Teleservicing

Bob, I hesitate to write as I don't want to wear out my welcome or run the risk of "crying wolf" once too often. However, I was asked to take a stab at drafting my own version of the Teleservices Announcement letter and I find it impossible to do that without sharing some of my feelings with you.

After our June 20 meeting, we anxiously awaited the announcement letter stating the Company's commitment to Teleservices. I can only hope that you share some of the frustration we feel with respect to this memo. Trying to get it completed is typical and indicative of everything we encounter associated with Teleservices. It takes weeks to accomplish what should be done in a day.

The memo was the subject of considerable dialogue at the Teleservices meeting in Providence last week. In spite of strong objections on the part of Barbara, John Abela and I, Len Miller seemed intent on making the tone of it a complete negative because of the way in which he wanted to address the expense issue.

We have seen the draft that he prepared after our meeting. As a result, Barbara Gardner asked me to draft our own memo which I believe she was going to put forward. Just for your information, a copy of my draft is enclosed. Based on all my experience with you, I cannot help but think you want a much different tone in the memo regarding the expenses.

I also want you to know that I think I understand the Budget and Expense position very well. I've been close enough to that to know what a priority it can become. Postponing any further expansion until 1989 poses no problem for me whatsoever and, if I am permitted to maintain the existing staff, it would buy us some valuable time to prepare.

Bob, with respect to the longer range issues associated with Teleservices, I cannot help but feel there's still "big trouble in River City." Perhaps John Abela can enlighten you on his perceptions of our meeting in Providence. At that time we still thought we were proceeding in 1988. Yet, after spending several thousand dollars for people to attend this meeting, the results in terms of decisions or direction was negligible. The only area receiving any real direction was the Wichita staff and most of that came directly from Northeastern and Central. (The Wichita Staff is the one bright spot in the support Teleservices receives.)

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I know you inherited the leadership associated with Teleservices and the current situation is not of your making. I also fully recognize the political realities associated with attempting to make any changes and do not expect any. Considering your position and responsibilities, it is not something on which you can afford to be spending your time.

Bob, I guess I just see my personal vision and dream for Teleservices fading away. Each day I am finding it just a little bit harder to muster the strength and the will to continue the battle on all fronts. It is a monumental challenge trying to make Teleservices into what I thought you and John Creedon see for Metropolitan without having to struggle and fight "the organization" every step of the way. Although I've never had patience with those who do it, I now understand why people ultimately "submit" and "go with the flow." There comes a time when the personal toll it takes leaves a person no choice but to ease off and begin to settle for less.

Without some direct support, you also can't do it alone. In this case, I have no feeling of support from senior management here. The opinion seems to be that our obsession with the "customer" will end with Creedon's retirement next September. I also detect that there is some skepticism here as to whether or not Teleservices is truly right for the Company. On top of this, I think there are some "personal" forces at work which leave me "tolerated" rather than supported. It also appears that the Home Office staff is far more interested in promoting their own vision of Teleservices rather than the one we have tried to create. Because of the differing views, priorities and objectives we have for Teleservices, we have obviously become a pain to deal with.

The one thing that has kept me going is the tremendous support I have received from the people in Teleservices and, in particular, Jerri and Barbara Goodwin. They have put their heart and soul into this effort with total dedication and undying effort. I know that some of our difficulties are caused by personal reactions to me rather than the right or wrong of what we're doing.

I am at the point where I don't know that it is fair to continue to expect so much from them, particularly when "The Company" will be willing to settle for so much less. Much of what we have been trying to accomplish is not even perceived by others much less understood.

During the coming months I will attempt to examine myself carefully and determine to what extent I may be the one that is "off base." While I think I've always been ready to stand up for my beliefs, I know that I have not always been nor will I always be right. In this case, I must determine what compromises I am willing to make and try to keep everything from being so difficult for myself and others. But, I do know that I can find peace in knowing that my motivations have only been out of my love for Metropolitan and my efforts to return what I feel it has done for me.

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MP4011070433

Bob, I truly mean it when I say I don't expect you to do anything other than listen and understand how I feel. If we proceed with expansion in 1989, you can be assured that we will still do an outstanding job if we're given the freedom and latitude. But, if it all doesn't turn out to be quite the "vision" that I feel you and I have shared, I hope you will understand why. I don't think there is anyone in particular to blame for this, our "organization" just can't seem to let it happen.

Sincerely

Manager
Teleservices
Central Head Office

August 2, 1988

CONFIDENTIAL

Re Teleservicing

Drafted For Bob Crimmins
Attached to 8/2/88 Memo

To Officers-in-Charge

Providing Quality service to our policyholders after the sale is one of the most important challenges we face in Personal Insurance. Improving customer service will be essential to enhancing our competitive position. While the new compensation plan provides incentives to have service provided by our Field Force, in cases where the personal client relationship is not firmly established and our policyholders may not be receiving the level of service they deserve.

Over the past few years in the Central Territory and, more recently in the Northeastern Territory, we have experimented with Teleservicing as a means of ensuring all our policyholders have easy access to needed service. I am pleased to announce that the results of the experiment are very positive. Beginning next year, we will be expanding these two operations so that all of our Personal Insurance Customers throughout the United States will have access to service by calling 1+800+MET-LIFE.

In addition to handling many routine transactions, Teleservices provides many unique opportunities to support our marketing efforts. This is done in several ways. As outlined in the attached brochure, Teleservices provides prompt, professional answers to all types of customer inquiries. These include everything from explaining policy provisions, answering all types of loan and dividend questions to providing indepth explanations of UL and the Annual Statements. All of this serves to enhance our customers' client relationship with the Company.

Teleservices has also demonstrated that it can improve persistency through its conservation efforts. It can support our production goals in a more direct way by participation in a number of special campaigns and through the identification of sales opportunities for our Field Force. The opportunity exists through Teleservices to establish a new level of communication with our customer base. This communication will translate into additional sales opportunities.

Naturally, there are obvious costs associated with a program of this scale. While some of these will be offset by gradually reducing transaction volumes in our Head and Administrative offices, these will not be sufficient to pay the entire cost. In addition to the offsets, our goal is to balance out and ultimately negate all expenses through the increased revenues and improvements in persistency that we feel can be achieved. We expect these benefits to be achieved in every territory. While there is no budget impact planned for your office in 1989, the impact and results of Teleservicing will be carefully reviewed for all offices in conjunction with the 1990 Budget process.

Clearly our customers expect and deserve the best service we can provide. With Teleservicing, I believe we have an especially effective tool to support the efforts of our Field Force and meet the service expectations of all our customers. Providing this level of improved, professional service will firmly position Metropolitan Life throughout the industry as The Quality Company.

Sincerely

Robert J. Crimmins
Executive Vice-President

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August 2, 1988

Attachment

MP4011070434

Barbara J. Gardner
Assistant Vice-President

MP4011070435

Re Teleservices Natural Work Team Meeting - Wichita

Barbara, the following is a summary of the meeting held in Wichita on September 8 and 9. In addition to Barbara, Jerri and I, the following persons were in attendance:

Bob McDowall	-	Wichita
Don Petr	-	Wichita
Ray Saunders	-	Wichita
Vic Will	-	NYHO
Deborah Geary	-	NYHO
Kathy Schoos	-	Northeastern
Joyce Long	-	Northeastern
Paula Knott	-	Northeastern

9. 1989 Budgets

The first morning was focused on Budget and was, for the most part, a futile and frustrating exercise. As you may recall, following our last meeting, we were told to develop a new plan for expansion that was more in keeping with the 5.5 million dollar budget limit. There were no specific guidelines given to us other than the fact that we should use a 10% response rate on notification.

Just prior to the meeting, we developed a revised plan that called for the appointment of 24 additional equivalent CSR's in 1989. (8 per quarter for the first three quarters.) In addition, this plan called for the appointment of one additional supervisor, two additional clerical people and two additional Resource Specialists for the CSR's.

This plan would require an "ongoing" budget of 2.7 million with additional one time expenses (primarily notification) of \$600,000 for a total budget need of 3.3 million.

At this level of staffing, our call handling capability in 1989 would be 272,544 calls as compared to 139,571 for 1988. This projection takes the impact of training and inexperience into consideration. With the same level of staffing, our call handling capability rises to 459,562 in 1990 (assuming no turnover). Based on the 10% response rate, we projected a total call volume of 385,676. Therefore, we could NOT complete notification in 1989.

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Northeastern prepared a budget and a plan based on the addition of 22 CSR's. This included four CSR's that were not projected to take any phone calls. It was semi-explained that these people would fill a role similar to our CSR Resource Specialists but they could also have some training responsibility. They projected no increase in actual trainers (above their present level of two) and virtually no support to ensure the ongoing monitoring and quality auditing of the staff. We did not project any additions to our training and quality staff other than those that have already been made.

We are also projecting our additional staffing off a bigger base of employees. Consequently, our total budget projection of 3.3 million was against their projection of 2.3 million. There are also other factors in their expenses such as the amount their operation is allocated for the basic phone system. Since the Northeastern operation is so large and encompasses MPL and Group, the amount Teleservices is being charged for their basic phone system is much less than we are charged.

At any rate, the whole discussion degenerated into many pointless peripheral issues such as the fact that we were projecting that we could receive calls from 159,000 households in 1989 versus Northeastern's 100,000. Consequently there was discussion on whether or not we should both be notifying the same number of households in 1989 and project receiving the same number of calls associated with expansion.

While this may be a point of discussion, we were never given any such parameters on which to develop our budget projections. Additionally, it is all academic until someone commits to the fact that we have a budget in 1989 and how much it is.

I became quite frustrated with this discussion as we were wasted substantial amounts of time debating issues that have no significance until someone either determines our budget for 1989 or determines our expansion objective in terms calls received based on notification. The staffing levels will be a product of either one of these two objectives.

1. Notification Schedules

Northeastern basically stated that their budget and schedule for 1989 was based on mailing 100,000 postcards every two weeks. We pointed out that we projected our staffing and our call handling capability. Consequently, it was our intent to try and control the level of notification to coincide with our projected call handling capability rather than build it on a stated level of mailings with an unknown response rate. If we find that we could handle sending out 150,000 cards, we would do that. By the same token, if we have to cut it back to 50,000, we want the flexibility to that.

It was agreed that as part of our "task list," we would at least develop a general order for the notification of the regions and territories.

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2. Postcard Text for "New" Policyholders

There was a lot of discussion as to how we would notify new policyholders. The idea of a separate postcard with different wording was discussed as well as incorporating the 800 number into some existing material such as a letter presently sent by COM to new policyholders. There was also discussion about having it included in the letter Mr. Creedon is supposed to send out and Vic and Deborah are to investigate this.

3. Notification Response Report

There was discussion on revisions to this report to reflect information on a Regional/Territorial/Teleservicing Site basis.

4. Notification Control Group

It was agreed that Kathy Schoos and I would be added to the Control Group for the notification. We will receive postcards with each mailing that indicate the branches notified.

5. TMOS Enhancements and Their Relative Priority

There was considerable discussion around the electronic systems priorities. A copy of the priorities established is attached. There was general agreement between Central and Northeastern as to what these priorities should be.

6. Source and Transaction Codes

Discussion on this subject was postponed until two hours before the meeting had to close. There was good discussion and agreement between Northeastern and Central on the Source Codes. There was no discussion on Transaction Codes due to lack of time. I voiced my displeasure with the fact that this should have been appropriately placed on the agenda and given ample time to resolve.

Both Central and Northeastern were willing to discuss, negotiate and compromise on this issue. The right players were there to resolve it and it was not addressed solely because of poor (intentional?) handling by Vic and Deborah. At this point it is still outstanding except Wichita is to prepare their requirements with respect to the transaction code issue. Thus far, they have been silent on the subject.

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7. Back-up Procedures

This agenda item was apparently intended only to cover the phone system back-up but was expanded to also include discussion of the TMOS back-up. With respect to the phone system, it was agreed that both sites would maintain extra line capacity with both having call routing capabilities.

There was a lot of discussion on the TMOS (Wichita) back-up and our recent and continuing problems with the T-1 lines. It seems that if the T-1 network was working properly, we should not have a problem. If the line is down between Wichita and Scranton, data is to be routed via Greenville to Scranton. Obviously this is not happening.

We are to submit documentation of our problems to Wichita and they are to investigate further. There was no resolution as to what happens if the TMOS application goes down or what would happen in the event of a major system failure in Wichita. Wichita has only one mainframe with no local back-up capability. All work would have to be shifted to another computer center and it is not expected that either one could keep all applications running.

8. Chargeback Mechanism

We were advised that "memo billing" is to begin 1/1/89. There was discussion as to whether this should be based on the number of calls handled for another office or the number of transactions.

There was general agreement that it should be on the basis of the number of calls with the exception that Central voiced its opinion that this would be nothing but a giant negative for Teleservices.

Additionally, no one in the room seemed to understand the Head Office budgeting process to realize that you "cannot" really chargeback your services to another Head Office or expect them to build something like that into their budget.

10. Review Telecommunications Status

We were advised that Telecommunications is expected to have a document which responds to all our questions and concerns about the phone system issues by October 1.

J. L. Rayl
Manager
Teleservices

September 12, 1988

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Mr. Robert J. Crimmins
Executive Vice-President

Re Teleservices Expansion

Bob, just a note to express my feelings and appreciation regarding the meeting on Monday. While I know that Teleservices has always had your support, I believe your decision was a bold and courageous step considering the current expense picture.

I am sure you will be known for many good things within Metropolitan. However, my greatest hope is that your major legacy will be what you have done for changing how Metropolitan is viewed by its policyholders and the industry. This is with respect to the support Personal Insurance will be providing to its clients in the way of Quality customer service. We will also work hard to be equally supportive to our Career Agency Force and make certain the benefits we know are there actually materialize.

Bob, I must also apologize for the fact that I didn't do a better job of containing my frustration as well as I should have during that meeting. I have just felt that you and I share a common vision of Teleservices. It seems to me that most everyone only sees only the tangibles. While these are important considerations, I think its greatest benefits may lie in the intangible aspects. Consequently, up until now, the primary direction has been to focus on these tangible issues.

I sincerely hope that with the firm and clear direction that you provided, we will now move forward and keep our aim on the truly important results and benefits that Teleservices can provide. You can be assured that I and those in Teleservices will be doing our best to bring the vision . . . to life.

J. L. Rayl
Manager
Teleservices
Central Head Office

June 24, 1988

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Robert J. Crimmins
Executive Vice-President

Re Teleservicing Support for Accumulation Products

Bob, I hope you don't mind, but I thought I would pass along the attached memo from Vinnie Motto. I think it illustrates what is happening throughout the Company. Everybody wants to set up their own 800 number. If this is permitted to continue, customer service will suffer as there will be tremendous confusion as to what number you call for what product.

As evidenced by the enclosed file, we (Teleservices) feel we can provide a great deal of support to our annuity product customers. (As a point of information, we recently lost the capability to perform even simple changes of address on annuities.) If we expanded, there is no reason why we couldn't develop and maintain our own staff of Accumulation Product Specialists. This should be done with the full support of Pensions and Savings-Retail.

While I think there is a clear need to have more than one 800 number for specific customers, Teleservices should still be able to respond to most inquiries involving "personal" products marketed through our P.I. sales force. It might make some sense for Pensions to establish its own 800 service for certain major clients. However, the traditional annuity customers should still be able to get answers by calling 800+MET-LIFE.

Bob, there desperately needs to be strong Corporate control over the whole 800 number customer servicing concept. I recognize that this is not something you can do personally with the tremendous demands on your time and the kind of priorities you must face daily. But, at the rate we're going, before long we will have to supply our policyholders with a complete list of Metropolitan 800 Numbers and the products serviced by each. I really don't think this is the route to Quality Customer Service.

James L. Rayl
Manager
Teleservices/Financial Control
Central Head Office

May 9, 1988

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Barbara J. Gardner
Assistant Vice-President
Central Head Office

Re Conference Call - Vic Will & Deborah Geary

Barbara, attached is a Bulletin message I received from Deborah Geary in advance of a conference call which was held on Thursday. As outlined in the message, they are raising the same questions that nobody has been able to answer for the past two years. Deborah states that "We (really Len) can't go to Mr. Crimmins without the answers to these questions."

While I really tried to restrain myself during the conference call, it became impossible. As you will recall, at the January meeting we had in New England, Len was supposed to go to Crimmins, set up a meeting and we would find out what he (Mr. Crimmins) wanted to know. Neither Vic nor Deborah could state whether or not Len ever actually went to Crimmins. When Deborah and Vic were asked if Crimmins had requested this information, they stated that "Len had" and they did not know whether Crimmins had. I am confident that Crimmins did not specifically ask for this as we discussed this whole issue at length when I was there in December.

As I pointed out, the problem stems from the fact that Len does not have sufficient belief or commitment in the concept to the point where he is willing to take any risk. It's amazing how much the Company seems to really want risk-takers but everyone is so afraid. If he "knew," as we do, that this is what is right for the Company, he would have no problem going to Crimmins. However, since he is obviously insecure in that position, he wants to try and justify it with the numbers.

With respect to the Policyholder Services offsets, I pointed out that perhaps New England is in the best position to measure any real impact on Policyholder Services. Our situation has evolved over too many years. If there is any clearly quantifiable savings, New England should be able to determine the immediate impact, whatever it is.

However, the real savings are not going to be there until the electronic systems and company requirements supporting Policyholder Services are changed. Combining these activities will not reap significant benefits until many of these changes happen. It is inevitable that the two will someday be one, but if we pick the wrong time to do it, it will work to the detriment of both operations. There are still many, many issues to address in Teleservices without touching the very limited benefits (and many time/resource consuming headaches) that would come out of any merger of activities right now.

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MP4011070442

Vic and Deborah are talking about making trips to the two locations to try and seek some of these answers. All I see is more delays with nobody up there having the conviction and commitment to try and get anywhere.

Something must be done if we are to move forward. I know that Mr. Crimmins has a million and one priorities. Expecting to get a lot of his time and also expecting him to have to make all the decisions is unrealistic. If someone would just take the bull by the horns and go forward, he would probably be grateful. But, if we are going to wait until Len feels he has his fanny sufficiently covered to even approach him, we will go nowhere.

Any ideas???????

J. L. Rayl
Manager
Teleservices/Financial Control

May 7, 1988

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Major ECONOMIC Issues Associated With Number of Sites

October 19, 1989

MP4011070443

The following should be considered on the premise that a full nationwide expansion would currently only require less than 50 CSRs in each Teleservicing site excluding the impact of formally encouraging calls from Account Representatives.

SUPPORT STAFF

Providing the initial and ongoing training needs for Teleservices requires a substantial basic training staff. We presently have five training positions and this number has been insufficient to meet our full training needs. (It is expected that this need would be lessened in a fully expanded environment.)

Implementing new programs (such as conservation, sales leads, etc.) or training on major changes to existing systems or programs (such as Accelerated Payment, TAMRA and the implications of MEC) requires thorough research and documentation prior to training. Updating or creating reference material is very labor intensive.

CSRs need additional ongoing support in the form of "Resource Specialists" or "Help Desk" (as defined in NEHO) to answer unusual questions or help with infrequent situations.

The need for trainer and support positions DOES NOT increase in proportion to the number of CSR's. Virtually all of the training positions would need to be duplicated in each site regardless of the number of CSRs. In addition, there would be considerable duplication of effort in the development of programs and reference material. While it could be argued that this activity could be centralized, from a practical standpoint, it would not work effectively. Each site would have its own philosophy and opinion as to:

What training should be conducted

How the training should be conducted

What reference material will be provided and what it should look like (Flip Cards)

What the policyholder should or should not be told

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Support Staff - Special Programs

It is conceivable that in the future Teleservices will become involved in more and more Special Programs such as the Industrial Campaign (pending Loan Interest Campaign).

All of these will require additional training and support. Some of these activities could be restricted to specific Teleservicing sites. However, even if separate numbers are used, the likelihood is that people will still use 800+MET-LIFE for some of these calls or at least inquiries will be received. Thus, every Teleservicing site would still have to be prepared to handle the inquiries in some form. This will again create additional duplication of training and support effort and resources.

CSR STAFFING LEVEL**Call Volume Fluctuation**

One of the most difficult challenges associated with a Teleservices is the coping with the staffing needs resulting from the call volume fluctuation. To deliver a consistent level of service and response will require that more staff be available on Monday than any other day. Tuesdays are lighter but still heavier than the three remaining days of the week.

A good portion of the solution rests with the size of the organization. The larger the organization, the more flexibility there is in the utilization of the staff and resources.

A large organization would have more Resource Specialists and/or Product/Transaction Specialists in addition to CSRs. A good portion of these people's activity would generally be "off the phone." Their workload could all be centered around being "on the phone" during peak days or periods thereby providing more support and better response to peak volumes.

In a small organization, there is very little flexibility. If we are to insist on a consistent level of service, there would have to be additional resources available to cope with these peak periods in each location. Consequently, the overall CSR and support personnel staffing numbers would be higher in a decentralized operation versus a centralized one.

Specialist Support

There is a strong need for "Specialist" support. In the small environment we have attempted to have the CSR be "all things to all people" but this has proven to be impractical. It is impossible to train every CSR to handle every type of inquiry. It has been proposed that in a larger organization, there would be a "two tier" structure. All CSR's would be trained to handle the vast majority of calls. However, when calls of a highly technical nature are received or calls involving unusually complex issues or products, they would be transferred to "Product/Transaction Specialists." These would include such things as the registered products, complex beneficiary questions/designations, etc.

This becomes impractical and inefficient in a small organization. Furthermore, attempting to duplicate this level of competence in multiple sites would be extremely difficult and expensive.

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ECONOMICS OF TRAINING & IMPACT OF LEARNING CURVE

Practically the same training effort is required to train two or three CSR's as is required for eight or ten. In smaller operations, the size of training classes would also be smaller. Anticipating losses and providing timely replacements is more difficult in a small environment. In other words, when one CSR is lost, it is not economically feasible to conduct a training class for one or two replacements.

Conducting multiple training sessions in multiple sites is extremely expensive considering the training time required. Additionally, there is a very long learning/productivity curve. It can take a new CSR almost a year to become fully productive. This further compounds the impact of losses and replacements. Two or more trainees may be required to fully offset the immediate impact of the loss of one fully experienced CSR.

In a larger organization, it should be feasible to better anticipate losses. Accordingly, the duplication of training time would be eliminated and the impact of the productivity losses would be confined and could be minimized.

MANAGEMENT AND SUPERVISION

Each site increases the amount of management and supervision. There would most likely be total duplication of a minimum of four positions in each site. (Manager, Secretary, CSR Supervisor, Training/Support Supervisor)

TELEPHONE SYSTEM AND RELATED

System Hardware

Not all Metropolitan sites have a phone system with ACD capabilities. A total phone system upgrade may be necessary. At the very least, a partial upgrade with an ACD and/or additional line capability will be required. At a minimum, the increased ACD activity will require additional investment in Monitors, Printers and reporting software.

The cost of the present Historical and Forecasting and Scheduling software for Central approached \$100,000.

Depending upon ultimate traffic patterns, it may or may not be feasible to take advantage of phone company offerings such as T-1 access, Megacom, etc. Because of volume fluctuation, more excess line capacity will have to be built into multiple sites as opposed to what would be required in a lesser number of sites. While line costs are primarily based on usage, there could be significant expense associated in adding the line capacity to the switches.

As with the excess line capacity, more extra hardware in the form of instruments, head-sets, etc., would be required for multiple sites.

Recording Equipment

At the present time, individual recording of phone conversations is done periodically for training and quality control purposes. We have explored the availability of recording equipment that would simultaneously record ALL CSR conversations. This is deemed desirable for a number of reasons.

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While we have the electronic TMOS file of what transpired during a given call, there have been a number of instances where it would have been beneficial to be able to replay a call and listen to both sides of the conversation. This would also make recordings for training and quality control purposes available at any time.

In addition, the issue of "voice authorization" is being explored. It is conceivable that some transactions may ultimately be initiated on the basis of having the policy owner's verbal request available on tape such as for beneficiary change.

This equipment is estimated to cost around \$60,000. A portion of the expense is dependent upon the line capacity. The incremental costs are not near what it would cost to duplicate the equipment in other sites. Thus, there would still be duplication of significant expense.

System Support Staff

In the past, Head Office communications were primarily managed by the Home Office. This cannot be done in a Teleservicing environment. On site expertise is required to keep up with the day to day communications needs as well as the rapid and dramatic changes in all aspects of communications technology.

On two separate occasions we conducted our own evaluations of the phone switch equipment and made our recommendations which were ultimately supported by Telecommunications. Making these recommendations required knowledge of all aspects of both the switch and phone instrument capabilities and features. It also involved highly technical issues dealing with the ACD, system reporting capabilities, user change capabilities (moves and changes), integration with voice mail, call processing and call routing (ACD & Non-ACD).

To achieve maximum efficiency and properly handle calls and multiple ACD groups, a System Administrator is required who has knowledge, ability and system access to make changes as needed.

In addition, there have been and continue to be major changes in the offerings from the Phone Company. Additional Services such as Megacom, T-1 access, and other discount offerings can have a major impact on the expenses. Some of these also become more economical based on the size of the installation. In addition, to achieve maximum efficiency, someone needs to understand and monitor the other aspects of the communications such as line configurations, traffic patterns, trunk usage, etc. Our expertise has developed over a number of years.

Additional sites require additional training and duplication of this expertise and position(s).

ELECTRONIC SYSTEMS & HARDWARE

As outlined, multiple sites will result in duplication and additional staffing levels over a limited site arrangement. There would have to be corresponding duplication and extra electronic equipment required to accommodate multiple sites. According to a recent figure cited to the Operations Officers, each workstation terminal could cost in the neighborhood of \$15,000 (based on a LAN network). Each physical workstation costs close to \$2,000.

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The expense could be compounded significantly depending upon the future direction of the hardware used. In other words, there is substantial cost involved if it is necessary to duplicate an entire LAN system versus placing additional terminals on an existing system.

ADVANCING TECHNOLOGY

There have been rapid and dramatic advances in technology of both electronic equipment and communications equipment. The capabilities of the ROLM 9751 versus the prior ROLM 9000 is an example. Keeping pace with this technology in multiple sites could become extremely expensive. If it was deemed appropriate to replace entire phone systems to take advantage of new technology (ISDN - Data Switching), the cost of replacement would be in the neighborhood of \$500,000 to a million dollars "plus" per location.

SPECIAL CAMPAIGNS

As the Teleservicing concept becomes more widely accepted, the greater the likelihood that they will be asked to handle more and more special projects such as the Industrial Campaign, Loan Interest campaign, etc. With dispersed sites, training and CSR resources will be stretched. Any or all of the sites will be in a much less capable position of taking on the campaigns and handling them in a quality manner.

Philosophical/Management Issues Associated With Number of Sites

The following is based on the premise that providing an exceptional level of Quality Service is the primary objective and commitment of the Teleservices organization.

MORE SITES - LESS COMMITMENT BY COMPANY & ORGANIZATION

The more sites, the less significant and less important the operation becomes. It can tend to become "just another operation" with less commitment from both the Corporate and local organization.

IMPACT OF TURNOVER

In a smaller site, much as we have been, the impact of CSR turnover can seriously affect the level of service. In a smaller site, there is less opportunity to provide the CSR's with "off the phone" time. This results in a high stress and burnout rate leading to higher turnover. In a larger the site, there is more opportunity to use the CSRs for other work such as "Specialist Development" and more personal training. This provides the necessary relief.

By the same token, in a smaller organization, turnover in the training staff will have a more detrimental effect. In a larger organization, there are more options available to respond to unusual staffing or adverse situations.

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QUALITY AND CONSISTENCY OF SERVICE

Teleservices is still an "evolving" concept. During this phase, there needs to be a strong Corporate or unified vision as to what Teleservices should really be. This relates to the Quality of the service being provided as well as the "image" that is to be projected.

In each site there will always be a certain amount of "local philosophy" and management influence exerted. In addition, each operation also becomes subject to the budget, staffing, workload and organizational pressures of that location. The result could be that we have distinctly different operations in each office.

If Metropolitan is going to promote Teleservices to its policyholders at a Corporate level, it is much easier to monitor and ensure consistent treatment from a limited number of sites.

ABILITY TO TRAIN THE CUSTOMER SERVICE REPRESENTATIVES

As previously outlined, the initial and ongoing training challenge associated with Teleservices is immense. Developing a competent and effective training staff has taken a long time. As the number of sites increases, the ability to train all CSR's adequately will diminish. There are bound to be pressures to keep the size of the training staff down. There will be differences in what is being taught in the different sites and in the amount of available reference material. Consequently, there will be significant differences in the level of competence and service provided by each site.

TENDENCY TO BECOME A "NUMBERS" GAME

In spite of whatever statements might be made to the contrary, the more sites the more there will be a tendency to evaluate them on the sole basis of the "numbers." No other operation in the Company can be measured as extensively as Teleservices.

The numbers are important and are a valuable management tool. However, at the point at which the focus is primarily on the numbers, major sacrifices will be made in the level of Quality service. We have demonstrated that numbers and quality are attainable. But, it is a delicate balance. If management performance is based on number performance, the very foundation that Teleservices is based on will be lost.

ELECTRONIC DEVELOPMENTS AND ENHANCEMENTS

The Teleservicing environment requires that we make major changes in the direction of our electronic systems and enhancements to those systems. The more sites, the more difficulty there will be in getting a consensus as to what the changes and direction should be.

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Mr. Robert J. Crimmins
Executive Vice-President

Re Teleservices Expansion

Bob, as you may have heard, I have had a couple of personal setbacks this year which have further delayed my progress on the presentation and proposal. However, I have been giving a lot of thought to our approach on both of these issues. By March 1, I will be prepared to give the presentation and put forth a proposal for a single Teleservicing site. Based on the initial NEHO experience, we are projecting a much lower level of CSR staffing for Teleservices through 1990.

Bob, it is my firm conviction that there is no better, faster way to make Metropolitan known as "The Quality Company" than with a totally professional Teleservices operation. Tulsa has the right people, the dedication and the commitment to make this happen.

The level of quality service we are seeking to establish for Metropolitan will not come easy or without cost. As we will outline in our proposal, it will take more support personnel than we originally projected to install a nationwide Teleservicing operation at the level of professionalism we have discussed. But, we have a plan to dissipate the extra support staff as we approach the end of the installation.

Bob, I also hope you have the experience and confidence in me to know that I would do the job as economically as possible and I won't waste money on unnecessary staff or frills. Once it is established, we would never cease in our efforts to make it more cost efficient. While I believe there will always be new and exciting uses for the Teleservices capability, there will always be opportunities to improve our call handling abilities and improve productivity.

If I seem a little impatient, I'm sorry. I'm frustrated with the delay I have created and feel like opportunity and the benefit of timing are passing us by. Much to my regret, the addition of a second site has not helped our cause but has slowed us down rather than helped us move forward. We now spend our time and resources trying to reach agreement on philosophical and procedural issues rather than improving and expanding our services.

Bob, based on what I have seen of the most recent LIMRA survey results and the Company's clear emphasis on customer service, "The Time Is NOW! We can do it and we are "chomping at the bit" for the opportunity to demonstrate how Teleservices really can make Metropolitan "The Quality Company." Whenever you are available, we'll be ready.

J. L. Rayl
Manager
Teleservices/Financial Control
Central Head Office

February 9, 1988

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MP4011070450

Mr. Len Miller
Vice-President
Systems Modernization & Administration

Re Teleservices

As I assume you know, a few weeks ago Bob Crimmins called and asked me to meet with him to discuss Teleservices. This meeting was held this past Wednesday. In preparation for that meeting, the enclosed document was prepared for Bob and was reviewed by him.

Len, we're both aware that we have some differing perspectives and philosophies as to what we think Teleservices should be and what its mission is for the Company. I took this opportunity to present our case for what we (Central) feel are our primary motivations and objectives. Much of our present perspective goes back to my initial experience with Bob when he first started Teleservices back in 1982.

I expect that you will disagree or take exception to some of my comments. They are, nonetheless, the opinions and perspectives that I have developed over the past 19 months. While I think we both ultimately want the same thing, we are looking at it from different viewpoints. Consequently, we see a differing set of reasons and Company benefits as to how and why Teleservices should be expanded.

J. L. Rayl
Manager
Teleservices/Financial Control
Central Head Office

December 4, 1987

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Mr. John J. Falzon
Senior Vice-President
Quality & Planning

Re Teleservices

John, I am not sure exactly what kind of information you are looking for with respect to Teleservices. I know you made specific mention of the technology related material, but we are presently using very little that is outside our regular systems or equipment. The exceptions are perhaps the voice response issue and "TMOS" (Telemarketing Online System).

The TMOS system has been handled by Len Miller's people in Wichita and they have been giving us outstanding support, particularly with the relatively limited resources they've had for most of the time. I have enclosed a copy of the TMOS operations manual but I'm not sure if this is what you're looking for.

The booklet that I prepared for Mr. Crimmins contains a current picture of the issues currently confronting Teleservices. I have enclosed another copy in the event you did not yet receive Bob's.

I have also enclosed a wide range of Teleservices related material including the original proposal prepared in January of 1987 as well as some of the statistical reports we are maintaining. You will also find copies of some of the recent letters we have received from satisfied customers. I think they might state our case better than anything I can say.

If this isn't the kind of material you were looking for, please feel free to discard all or any part of it.

John, as I tried to express in my report to Bob, Metropolitan really does have an opportunity to redefine customer service. If there is anything else I can provide in the way of information or assistance, please let me know.

James L. Rayl
Manager
Teleservices
Central Head Office

December 4, 1987

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MP4011070453

MAJOR
ISSUES AND CHALLENGES
FACING THE ADVANCEMENT AND
NATIONWIDE EXPANSION OF
TELESERVICES
(1+800+MET-LIFE)

FOR
METROPOLITAN LIFE
And Affiliated Companies

Prepared For Mr. Robert J. Crimmins
Executive Vice-President

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By Jim Rayl, Manager, Teleservices
Central Head Office

COMPANY MISSION/GOALS

John Creedon has stated in a recent orientation video tape that:

"The mission of Metropolitan is to become the preferred provider of the highest quality Financial Services."

Mr. Creedon goes on to mention that a key to our success in this mission is to provide:

"Absolutely top Quality Service to our Customers."

He further explains that when people come into contact with a quality business, they remember it as a "quality experience." It should be the type of experience where anyone who dealt with such a company would recommend it to a friend.

In order to become a Quality Company, he points out that we must know our customers, find out their needs, be responsive and treat them in a friendly, courteous manner.

He further defines a Quality Company as being one that is known as:

"THE BEST IN THE BUSINESS"

There can be no question that the focus and emphasis today is on the customer. But, just doing a quality job isn't enough, *the customer must know it and perceive it as being a quality job.*

The most effective way to convince our customers of Metropolitan's dedication and commitment to quality is through friendly, responsive, courteous, immediate, **PERSONAL CONTACT.**

The continued expansion of **TELESERVICES** can provide **METROPOLITAN's** Personal Insurance clients with this opportunity **BETTER** than any **SINGLE** means currently at the Company's disposal.

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LACK OF CORPORATE FOCUS AND OBJECTIVE

While the Company has committed to the expansion of Teleservices, there is no clear Corporate statement or objective as to what it should become.

Is it to be developed to just become another means of providing administrative service?

OR

Is it to become a "MODEL FOR THE INDUSTRY" in terms of providing the highest level of QUALITY customer service?

Present focus of Teleservices is not on customer or market impact. It seems to be primarily on the pursuit of the technological aspects of Teleservices and demonstrating what it can do from an administrative operations point of view. While these are definitely important considerations, the major advantages of having a Teleservices operation may well be in the intangible benefits it can provide.

Clearly the emphasis in business today is on the customer. Through Teleservices, the Company has the opportunity to develop an entirely new relationship with its client base. It also has the opportunity to demonstrate and market to the general public a stronger than ever commitment to providing our policyholders with the highest degree of professional, *QUALITY* service and support.

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LACK OF CORPORATE FOCUS AND OBJECTIVE - Cont'd.

Metropolitan must decide what Teleservices should be and which of these two directions it should take. If Metropolitan is only going to be concerned with making it an effective and efficient administrative support system, many of the current issues facing the expansion of Teleservices become less critical.

However, if it is to become an industry model for providing customer support, there must be a clear Corporate focus and objective with respect to the evolution and direction of Teleservices. It must become top driven rather than driven from the bottom up as it is now. The Teleservicing concept should become a cornerstone of Company philosophy and marketing strategy and be supported at the highest levels of the Company. It should also become an integral part of Metropolitan's Corporate advertising program.

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COST

In the Teleservices report completed in January of 1987, *the annual cost of a fully implemented two-site nationwide Teleservicing operation was estimated to be six to six and a half million dollars. This was without any claim for clerical offsets or productivity gains as a result of electronic enhancements. The report made a projection that these savings might be as much as two million dollars.*

The two main factors affecting costs are call volume and call duration. The volume projection was based on a 10% *(of inforce policies)* call-in rate and an average call duration of 5 minutes *(4 minutes of talk time plus one minute of after call work).*

As noted, this projection was based on a fully implemented teleservicing operation. Our initial experiences could be somewhat different. There are some differences in quantifying the overall call-in rate as notification is now on a "household" rather than policy basis. Our early experience with the New England expansion shows that the initial call-in rate is less than 2% of the households notified. However, this is expected to increase significantly as the 800 number becomes more widely known and accepted.

It is impossible to exactly quantify Central's call-in rate at this moment as there are many factors which cloud the issue. Nonetheless, the projection of 10% *(of inforce policies)* still appears to be a safe estimate for a mature organization *(excluding the impact of supplemental programs and campaigns which generate their own calls)*. In projecting the 10% rate, the impact of the *Loan Repayment Campaign* letters *(which account for 14.3% of Central's calls)* were included in the calculation. However, notification of Account Business policyholders began in 1987 and we are not certain exactly what percentage of the total have been notified. Based on current call volumes to Account, Notice and UL inforce, the present call in rate is 8.1% including *Loan Repayment calls.*

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COST - Cont'd.

We have demonstrated that a four minute talk time is also a realistic projection for a mature organization. However, a longer talk time would be required to adequately cover the training loss encountered in an expansion environment. It is felt that the four minute time can also be improved through additional electronic enhancements and as we begin to investigate talk times for *specific transactions*.

Additionally, that projection did not take into specific consideration some of the other potential cost savings that can be achieved (*as mentioned in this document*). There are many variables which could affect the ultimate cost. Because of these changing variables, a totally accurate projection is not possible at this time. However, based on nearly another year's experience, we do not find any reason to think that the original projection of six and one half million dollars is unreasonable.

We are also confident that substantial savings and cost offsets are possible. These offsets can become even more significant as Teleservices assumes more transaction completion responsibilities and clerical savings are realized in other areas. To date, all attempts to quantify the exact savings have failed but this is primarily due to the relatively small size of the operation, the gradual pace at which teleservicing responsibilities have expanded and the rate at which savings have been realized. All reason and logic dictates that there ultimately has to be clerical offsets and savings in a nationwide teleservicing operation. Additional savings might be achieved if we design our future administrative systems around a teleservicing environment.

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CURRENT OPERATIONAL ISSUES

There are a number of issues associated with the current operation. Many of these stem from the fact that the size of the operation is too small to achieve maximum efficiency and cost effectiveness.

SIZE OF THE UNIT

Because of the current size and environment, all CSR's must be available to handle all types of calls. We have been only marginally adequate in dealing with peak call periods because of our limited staffing flexibility. Our small size also prohibits us from being able to implement specialization within the unit. In the current environment it is logistically impossible to consider moving calls around within the unit to separate "product specialists".

Advantages To A Limited Number Of Sites

In a large operation, it would be practical to develop a "Two Tier" operation. The first tier would consist of well trained (but lower level) CSR's with their training geared towards handling the majority of transactions and questions.

Within this framework, a second tier would be established which would consist of CSR's with specialized fields of knowledge. When a call is received that is beyond the scope of the first tier CSR, it would be routed to the appropriate second tier CSR(s) with the detailed product or procedural knowledge for that transaction.

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KNOWLEDGE REQUIRED BY CUSTOMER SERVICE REPRESENTATIVES

Because of our environment, we have trained every CSR to be *"all things to all people."* While we have been reasonably effective in doing this, it is clear that this would not be a practical approach in a major expansion mode. Our success has been achieved primarily because of the number of years already invested in the experience and training of the CSR's.

There are major economic implications to this approach. Attempting to train all CSR's to be experts in every area requires huge investments in time and resources for both the initial training and all the ongoing training. The operation also suffers a major loss each time someone leaves as a result of turnover or internal movement.

In smaller (multiple site) teleservicing operations, there is no practical alternative to the *"all things to all people"* approach. Because of the amount of knowledge and expertise this requires each CSR to have, the salary ranges of ALL CSR's would have to be at relatively high levels in this scenario.

Advantages To A Limited Number Of Sites

In the "Two Tier" operation previously described, the training challenge and requirements would be substantially reduced. The majority of CSR's would only have to be trained on the common, high volume transactions and procedures they would be expected to handle.

The more difficult and complex issues would be reserved for the "specialists." To a large degree, these specialists could assume much of the responsibility for enhancing their own knowledge in their field of expertise as opposed to providing all of it through a formalized training staff. This would reduce the amount of training resources required.

Additionally, compensation costs would be held down significantly for the CSR's as the majority would not be expected to maintain *"expert"* status and knowledge for every product and transaction.

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ENSURING CONSISTENCY, QUALITY AND ACCURACY OF SERVICE

The range and variety of phone calls handled by a CSR in a given day defies imagination and description. The CSR is expected to have a wide expanse of knowledge available for immediate recall in our current environment.

This combined with our rapidly changing (and more complex) portfolio, plus the day to day changes in products and procedures, places a tremendous burden on the CSR with respect to providing accurate information at all times. With this, there is a heavy responsibility on supervision and management to monitor the quality and accuracy of the information given out. This task is multiplied when ALL CSR's have to be continually monitored for ALL aspects of ALL transactions.

Advantages To A Limited Number Of Sites

The "Two Tier" concept would reduce the knowledge requirements for the majority of CSR's. Inasmuch as most of the CSR's would be limited to specific products and transactions, the job of monitoring and quality control would be greatly simplified.

Because of the specialization, we would only have to monitor a limited number of CSR's in order to ensure the level of quality and accuracy on the more complex issues and transactions. In addition, we could focus on developing even higher levels of knowledge and expertise in these specialized fields. By having all questions and transactions in these areas limited to a small number of CSR's, their exposure and experience in these areas would be greatly enhanced.

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ONGOING TRAINING

Again, because of our current environment, it is required that we continually provide ongoing training to ALL CSR's for every change in our products or procedures. This severely compounds the training challenge and requires excessive time, effort and resources to get the training accomplished.

More importantly, because of the amount of information flowing from each of the various products, it is unreasonable to expect that every CSR will be able to easily absorb and retain this information. This is even more true for the information and training provided for complicated, infrequent questions and transactions.

Advantages To A Limited Number Of Sites

The ongoing training demands in a two site operation would be substantially reduced (*in comparison to the type and amount of ongoing training that would be required in multiple Head Office sites*).

Frequently, substantial amounts of time and effort are expended in trying to train ALL CSR's on relatively "fine points" of various products or procedures. This would not be necessary in a large "Two Tier" organization. Ongoing training for first tier CSR's would be confined to only major issues and transactions.

Ongoing training for second tier specialists would come in several ways. Part of it would come as a result of their exposure and experience in handling ALL calls for their area of specialty. Much of it could come as part of their own responsibility for their product(s) and position. The balance would be provided through support from the Teleservices Training staff.

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COPING WITH PEAK CALL VOLUMES (And "Abandoned" Call Rate)

Experience over several months has shown that about 25% of the week's call volume is received on Monday. This tapers off to a low of about 17% of the week's volume on Friday.

Throughout the day, the hours of 9AM to 11AM tend to be the heaviest with almost 28% of the day's answered calls handled during those hours.

It should be noted, however, that these statistics are influenced by the high number of "abandoned" calls (*callers hanging up after reaching the number and being put on "hold" by the ACD*) that occur during the lunch period. We experience about 43% of the day's abandoned calls from 11AM to 1PM. The total number of abandoned calls is approximately 10% of the total calls received but this is subject to fluctuation depending upon staffing and absence considerations.

Again, because of the limitations resulting from our small size, there is not sufficient flexibility to do much staff adjustment to cope with these peak periods.

At the moment, based on servicing standards we would like to see established for a nationwide Teleservicing operation, the overall level of service and responsiveness currently provided is unsatisfactory due to our limitations.

Advantages To A Limited Number Of Sites

The only practical answer to this problem is SIZE and flexibility. In a large operation, it becomes much more practical to schedule staffing to accommodate the peaks and valleys. Under the "Two Tier" concept, training part-time first tier CSR's becomes a viable option. These individuals could be scheduled to cover lunch periods and forecasted heavy days/hours.

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OTHER CONSIDERATIONS TO THE NUMBER OF SITES

Quality And Consistency Of Service

If the "Corporation" (as a total entity) chooses to take ownership of the teleservicing concept as a means of providing customer service, there should be a well defined corporate program outlining its objectives. In accordance with this, the corporation *must be confident* of the quality and consistency of the level of service provided.

Ensuring this quality and consistency becomes much more difficult with each additional location. Each one becomes subject to the quality of the training, supervision, and management at their location. In addition, each also becomes subject to the budget, staffing, workload and organizational pressures of their location. This is all in addition to the other difficulties already outlined for multiple locations.

Each Head Office could adequately manage Teleservices as a "normal" administrative unit. However, because it is still in its evolution, it is doubtful that each office could manage Teleservices in a manner totally consistent with a Corporate "VISION" of a Teleservices operation. Each location would exert a certain amount of *local philosophy* and management influence to the point where there might be seven distinctly different operations - *all with a different concept as to what the teleservicing operation should be.*

As a group of smaller units, each one would be subject to its own set of performance standards and operational problems. Customers could have significantly different experiences and perceptions with our service depending upon their geographical location.

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Loss Of Identity - Organizational Impact

As a group of small units in multiple locations, Teleservices would lose its Corporate identity and organizational impact. It would not have a "unified voice" with respect to Teleservices' ability to change the shape and direction of the Company's administrative operations. As a group of smaller operations, it would be very difficult for Teleservices to think of itself in terms of finite Corporate Quality Service objectives. It would be much more heavily influenced by the philosophy, pressures and concerns of the local Head Office operation.

Control Of Corporate Programs

The 1+800+MET-LIFE number has been used to support a wide range of Corporate programs. Communication, control and responsiveness to these programs would become much more difficult if each of these programs has to be coordinated through a Teleservices operation in every Head Office.

Ability To Spot Developing Problems

By having only a couple of Teleservicing Units, there is a better opportunity for these operations to "keep a pulse" on our customer base. They would be in a much better position to spot developing concerns, problems or trends across a wide geographic area. In multiple locations, these may go unnoticed or perceived as "local issues."

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General Control Issues

At the present time, Teleservices is making a major effort to dramatically improve the integrity of the Company's computer files by obtaining social security numbers, verifying and updating addresses, etc. This activity has an adverse effect on key (comparative) measurements such as "Talk Time" and "After Call Work Time."

In a competitive and comparative environment, there could be decreased emphasis on this type of activity so the "numbers would look good" for a particular operation. Control over this type of activity and other desirable Corporate programs becomes much more difficult in multiple locations. This is particularly true where there are no quantifiable measurements for these programs and the support activity has a negative impact on key performance measurements.

Who's In Charge? - Electronic Enhancement & Procedural Issues

In order for Teleservices to achieve maximum efficiency and cost effectiveness with respect to administrative transaction processing, there must be major changes and enhancements to our electronic systems. In a multisite environment, *who will control these changes and define the future direction?* Even now, in the "two site" situation, this is becoming an issue.

The differences of opinion are there for two reasons. Some differences exist because the two organizations are at totally different stages in their evolution and perspective on the future. Other differences exist solely because of different philosophy or different ideas as to what Teleservices should ultimately be.

In more than a two site scenario, a lot of time, effort and energy would have to be spent attempting to reconcile these differences and achieving consensus each time procedure changes, new systems or enhancements are contemplated.

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DUPLICATION ASSOCIATED WITH MULTIPLE SITES

The exact amount of duplication and expense for the following items is dependent upon the number of sites. It is also subject to differing opinions. However, in a major expansion mode it is the opinion of this writer that the economic impact would be significant. More information and perspective on much of this will be known as we gain more experience with the start-up of the New England operation.

TRAINING AND SUPPORT STAFF

As outlined in this document, training and support are major issues to be faced in a nationwide expansion. If multiple (Head Office) sites are used, the resources required will be substantial, particularly if it is a "One Tier" environment. Additionally, the resources required to provide ongoing training in this environment will be significantly increased over a two site scenario.

Even if outside training support is used, in all probability this will only reduce the amount of training time rather than reduce the actual number of people required to accomplish the training and maintain the ongoing training needs.

MANAGEMENT/SUPERVISION

Looking a few years into the future, it is conceivable that Teleservices will ultimately become the major provider of policyholder service. Those transactions not processed through Teleservices or the single workstation concept (*traditional "Policyholder Services" work*) could become a subset operation of Teleservices. However, to get Teleservices up and running in multiple sites, it is likely that it would be given dedicated management and supervision resulting in significant compensation duplication (*over what would be required in two sites*).

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TELEPHONE/DATA LINES

In the original projections done by Voice Communications regarding the number of lines required for two versus seven sites, the difference in line costs was not dramatic. However, these projections did not take some very important aspects into consideration.

"T1" Lines - Megacom (PRISM) - Fiber Optic Access

The larger the installation, the more opportunities there are for telecommunications options and cost saving features. These include:

"T1" Line - A "T1" line is a single line which has the capacity of 24 individual lines. It offers significant cost savings and other flexibility advantages.

"Megacom" (PRISM) - Megacom (and the MCI equivalent, PRISM) are services which eliminate the need for "banded" WATS lines. Charges for calls are based on the point of origin. It greatly simplifies line configuration issues. You only need to be concerned with the total number of lines required and NOT whether you have the proper configuration of the various "bands". This arrangement is more cost effective.

Depending upon the size of the installation, these features may or may not be feasible in individual sites. However, the larger the site, the more practical and cost effective these become.

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Fiber Optic Access - The advent of a fiber optic network offers future opportunities for both significant cost reductions as well as improved quality of communication. At some point, it will be desirable and practical to have direct access to this network through fiber optic cable connected right up to our facility. This availability (or potential availability) should be a consideration in Teleservicing site selection.

PEAK CALL VOLUME - SPECIAL CORPORATE PROGRAMS

The original cost projections done by Voice Communications did not take peak call volume periods into consideration. Some excess line capacity would be required to handle these in each location. This clearly has to result in some duplication of line capacity over what would be required in two sites.

Also, substantial additional lines and expense could be incurred to run "special" Corporate Programs using a number other than 1-800-MET-LIFE. If some of these projects are handled by all sites, there could be significant duplication of line expenses as a minimum number of lines would be required in each site.

There could also be some duplication of DATA LINE capacity required in order to provide the appropriate amount of electronic support to the multiple Teleservicing sites.

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